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U.S., CHINA SIGN HISTORIC TRADE AGREEMENT

BEIJING, November 15, 1999 B U.S. Trade Representative Charlene Barshefsky and National Economic Council Director Gene Sperling today announced the successful completion of bilateral talks on China's accession to the World Trade Organization.

Ambassador Barshefsky and Mr. Sperling issued a joint statement that said, "We are glad that after thirteen years of negotiation, China and the United States have agreed upon a strong, commercially viable WTO agreement for China. This historic agreement is a win for American export-related jobs, for Chinese economic reform, for our global trading system and for the long-term U.S. - China relationship."

Outline of the Agreement

This agreement provides significant access for U.S. agriculture, industrial products and services. China will reduce both tariff and non-tariff barriers to industrial goods and farm products. The agreement contains strong provisions to address import surges and unfair trade practices. China has agreed to take specific actions to ensure fair treatment for businesses operating in China. These include limits on technology transfer requirements, offsets and export performance requirements.

Some specific examples from the agreement include:

- \$ China will cut duties from an overall average of 22.1% to 17%.
- \$ China will make even greater reductions on agricultural items of particular interest to the United States.
- \$ China will establish large and increasing tariff-rate quotas for wheat, corn, rice and cotton with a substantial share reserved for private trade.
- \$ State trading for soy oil will be phased out.
- \$ China will eliminate export subsidies.
- \$ American companies can provide auto financing.
- \$ New access for U.S. companies, including banks, insurance companies and

- telecommunications businesses.
- \$ Distribution rights for U.S. exporters.
- \$ Improved access for computer services, business consulting, accounting, advertising, and financial information services.
- \$ Increased imports of foreign films, on a revenue-sharing basis, to at least twenty films per year.

- \$ In textiles, the U.S. and China agreed on appropriate measures to avoid market disruptions during and after the phase out of current quotas.

Next Steps

This agreement represents a crucial step in China's WTO accession process. Several important steps remain ahead. First China must conclude bilateral negotiations with a number of other WTO members, including the European Union. Multilateral negotiations on China's accession protocol must also be finished. China must then complete its own domestic procedures for accession.

In response to the commitments contained in the agreement signed today, President Clinton will work with other WTO member countries to gain China's entry as soon as possible and will seek from Congress the approval of permanent Normal Trade Relations (NTR).